

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Charter Township of Oxford	County Oakland
Fiscal Year End December 31, 2005	Opinion Date May 11, 2006	Date Audit Report Submitted to State June 22, 2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

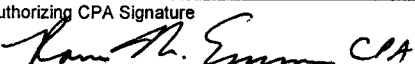
YES ☒ NO ☐

**Check each applicable box below.** (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Post, Smythe, Lutz and Ziel LLP		Telephone Number 734-453-8770	
Street Address 1034 W. Ann Arbor Trail		City Plymouth	State MI
Zip 48170			
Authorizing CPA Signature 	Printed Name Rana M. Emmons, CPA	License Number	

**CHARTER TOWNSHIP OF OXFORD  
Oakland County, Michigan**

**AUDITED FINANCIAL REPORT**

**For the Fiscal Year Ended  
December 31, 2005**

CHARTER TOWNSHIP OF OXFORD  
For the Year Ended December 31, 2005

Table of Contents

INTRODUCTORY SECTION

Table of Contents

FINANCIAL SECTION

Page

Independent Auditor's Report .....	1-2
Management's Discussion and Analysis .....	3-9
Basic Financial Statements:	
Government Wide Financial Statements:	
Statement of Net Assets .....	10
Statement of Activities .....	11-12
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	13-14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	15-16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	17
Balance Sheet – Proprietary Funds .....	18
Statement of Revenues, Expenses, and Changes In Fund Equity – Proprietary Funds .....	19
Statement of Cash Flows – Proprietary Funds .....	20
Statement of Fiduciary Net Assets .....	21
Statement of Changes in Fiduciary Net Assets – Cemetery Trust Fund .....	22
Notes to Financial Statements .....	23-39

CHARTER TOWNSHIP OF OXFORD  
For the Year Ended December 31, 2005

Table of Contents

Required Supplementary Information:

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – General Fund.....	40-41
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Police Contracting Special Revenue Fund .....	42
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - Parks and Recreation Special Revenue Fund.....	43
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - Library Special Revenue Fund .....	44
Statement of Revenues, Expenditures and Changes in Fund Balance – Building and Site Capital Project Fund .....	45

Other Supplementary Information:

Combining and Individual Fund Statements and Schedules:

Combining Balance Sheet – Nonmajor Governmental Funds .....	46
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds .....	47
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	48-49
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Special Revenue Funds.....	50-51
Combining Balance Sheet – Nonmajor Debt Service Funds.....	52
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Debt Service Funds .....	53

## FINANCIAL SECTION

# POST, SMYTHE, LUTZ AND ZIEL LLP

*Certified Public Accountants*

## PLYMOUTH

Dennis M. Siegner, C.P.A., C.V.A.  
David R. Williamson, C.P.A.  
Jane F. Wang, C.P.A.  
Joseph N. Elder, C.P.A.  
Rana M. Emmons, C.P.A.

**1034 W. ANN ARBOR TRAIL  
PLYMOUTH, MICHIGAN 48170-1502**

**TELEPHONE: (734) 453-8770  
FAX: (734) 453-0312**

## WAYNE

Frank W. Smythe, C.P.A.  
Ronald H. Traskos, C.P.A.  
Kathy Billings, C.P.A., C.V.A.

---

Jennifer A. Galofaro, C.P.A., C.V.A.  
Susan H. Bertram, C.P.A.

---

Sharon Walz Duckworth, C.P.A.  
Cari A. Ford, C.P.A.  
Wendy Leung Lee, C.P.A., C.V.A.  
Therese Mulholland, C.P.A.

### Independent Auditor's Report

May 11, 2006

To the Board of Trustees  
Charter Township of Oxford  
Oxford, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Charter Township of Oxford, Michigan, as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Charter Township of Oxford's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

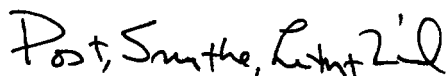
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Charter Township of Oxford as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Trustees  
Charter Township of Oxford, Michigan  
May 11, 2006

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Charter Township of Oxford's basic financial statements. The accompanying other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully,

A handwritten signature in black ink that reads "Post, Smythe, Lutz & Ziel". The signature is written in a cursive, flowing style.

POST, SMYTHE, LUTZ and ZIEL LLP  
Certified Public Accountants

## Management's Discussion and Analysis

As management of Charter Township of Oxford, we offer readers of Charter Township of Oxford's financial statements this narrative overview and analysis of the financial activities of Charter Township of Oxford for the fiscal year ended December 31, 2005.

### Financial Highlights

- The assets of Charter Township of Oxford exceeded its liabilities at the close of the most recent fiscal year by \$21,681,306 (*net assets*). Of this amount, \$10,435,621 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, Charter Township of Oxford's governmental funds reported combined ending fund balances of \$4,687,412, an increase of \$35,366 in comparison with the prior year. Approximately 67 percent of this amount, \$3,154,742 is *available for spending* at the government's discretion (*unreserved fund balance*).
- Charter Township of Oxford's total long-term debt increased by \$10,080,367 during the current fiscal year, primarily due to issuance of new debt for water infrastructure improvements.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Charter Township of Oxford's basic financial statements. Charter Township of Oxford's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of Charter Township of Oxford's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Charter Township of Oxford's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Charter Township of Oxford is improving or deteriorating.



The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Charter Township of Oxford that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Charter Township of Oxford include general government, public safety, planning and zoning, public works, and recreation and culture. The business-type activities of Charter Township of Oxford include the water and sewer system. The government-wide financial statements can be found on pages 10-12 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Charter Township of Oxford, like other state and local governments, used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Charter Township of Oxford can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Charter Township of Oxford maintains 17 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Police Contracting Fund, Parks and Recreation Fund, Library Fund, and the Building and Site Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into aggregated presentations by fund type. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

A budgetary comparison statement has been provided for the General, Police Contracting, Parks and Recreation, and Library Funds to demonstrate compliance with the annual appropriated budget.

***Proprietary funds.*** Charter Township of Oxford maintains two proprietary funds which are classified as an enterprise fund type. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Charter Township of Oxford used enterprise funds to account for its water and sewer system.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer system, both of which are considered to be major funds of Charter Township of Oxford.

***Fiduciary funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Charter Township of Oxford's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** The combining statements referred to earlier in connection with the nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 46-54 of this report.

## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Charter Township of Oxford, assets exceeded liabilities by \$21,681,306 at the close of the most recent fiscal year.

A significant portion of Charter Township of Oxford's net assets (45 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. Charter Township of Oxford used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Charter Township of Oxford's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### Charter Township of Oxford's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and Other Assets	\$ 5,844,228	\$ 5,465,405	\$ 16,991,036	\$ 6,831,680	\$ 22,835,264	\$ 12,297,085
Capital Assets	11,656,333	11,639,006	9,239,695	7,850,883	20,896,028	19,489,889
Total Assets	17,500,561	17,104,411	26,230,731	14,682,563	43,731,292	31,786,974
Long-term Liabilities						
Outstanding	9,265,938	9,885,571	10,700,000	-	19,965,938	9,885,571
Other Liabilities	1,156,816	813,359	927,232	1,341,501	2,084,048	2,154,860
Total Liabilities	10,422,754	10,698,930	11,627,232	1,341,501	22,049,986	12,040,431
Net Assets:						
Invested in Capital Assets, net of related debt	2,390,395	1,753,435	7,322,620	7,850,883	9,713,015	9,604,318
Restricted	1,532,670	1,415,438	-	-	1,532,670	1,415,438
Unrestricted	3,154,742	3,236,608	7,280,879	5,490,179	10,435,621	8,726,787
Total Net Assets	\$ 7,077,807	\$ 6,405,481	\$ 14,603,499	\$ 13,341,062	\$ 21,681,306	\$ 19,746,543

An additional portion of Charter Township of Oxford's net assets (7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$10,435,621) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Charter Township of Oxford is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The governmental net assets increased by \$672,326 during the current fiscal year, as presented:

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Program Revenues:						
Charges for Services	\$ 1,286,994	\$ 1,332,697	\$ 1,063,060	\$ 899,911	\$ 2,350,054	\$ 2,232,608
Operating Grants & Contributions	119,577	71,633	-	-	119,577	71,633
Capital Grants & Contributions	12,628	51,039	1,603,020	713,749	1,615,648	764,788
General Revenues:					-	
Property Taxes	5,821,456	5,542,163	-	-	5,821,456	5,542,163
State Shared Revenues	955,598	945,332	-	-	955,598	945,332
Unrestricted Investment Earnings	466,213	90,430	221,911	75,837	688,124	166,267
Other	120,931	81,533	-	-	120,931	81,533
Total Revenues	<u>8,783,397</u>	<u>8,114,827</u>	<u>2,887,991</u>	<u>1,689,497</u>	<u>11,671,388</u>	<u>9,804,324</u>
Program Expenses						
General Government	1,555,306	1,491,019	-	-	1,555,306	1,491,019
Public Safety	3,482,290	3,294,561	-	-	3,482,290	3,294,561
Planning and Zoning	149,296	187,025	-	-	149,296	187,025
Public Works	58,653	80,657	-	-	58,653	80,657
Recreation and Cultural	2,348,227	2,142,621	-	-	2,348,227	2,142,621
Other	61,688	55,942	-	-	61,688	55,942
Interest on Long-Term Debt	455,611	486,790	-	-	455,611	486,790
Water and Sewer	-	-	1,625,554	1,300,226	1,625,554	1,300,226
Total Expenses	<u>8,111,071</u>	<u>7,738,615</u>	<u>1,625,554</u>	<u>1,300,226</u>	<u>9,736,625</u>	<u>9,038,841</u>
Change in Net Assets	<u>\$ 672,326</u>	<u>\$ 376,212</u>	<u>\$ 1,262,437</u>	<u>\$ 389,271</u>	<u>\$ 1,934,763</u>	<u>\$ 765,483</u>

**Business-type activities.** Business-type activities increased Charter Township of Oxford's net assets by \$1,262,437 which is a result of \$1,603,020 of capital contributions in the current year.

### Financial Analysis of the Government's Funds

As noted earlier, Charter Township of Oxford used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of Charter Township of Oxford's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Charter Township of Oxford's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Charter Township of Oxford's governmental funds reported combined ending fund balances of \$4,687,412, an increase of \$35,366 in comparison with the prior year. The *unreserved fund balance*, which is the amount available for spending at the government's discretion, represents 67% of the total fund balance. The remainder of fund balance is *reserved* to indicate that it is not available

for new spending because it has already been committed to uphold contracts or bond agreements (\$1,532,670).

The general fund is the chief operating fund of Charter Township of Oxford. At the end of the current fiscal year, unreserved fund and total fund balance was \$1,040,637. As a measure of the general funds' liquidity, it may be useful to compare fund balances to total fund expenditures. Fund balance represents 61 percent of total general fund expenditures.

The fund balance of Charter Township of Oxford's general fund increased by \$45,012 during the current fiscal year. Revenues exceeded expenditures by \$177,399. Transfers to the Police Contracting Fund and Police Special Revenue Fund of \$132,387 were made to augment law enforcement activities.

***Proprietary funds.*** Charter Township of Oxford's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewer Funds totaled \$7,280,879 at the end of the year. Other factors concerning the finances of this fund have already been addressed in the discussion of Charter Township of Oxford's business-type activities.

### **General Fund Budgetary Highlights**

The differences between the beginning and final budgets represent a little over 6% change in the original spending plan; budgets were amended to reflect small departmental variances, and additional transfers to the Police Contracting and Police Special Revenue Funds.

### **Capital Asset and Debt Administration**

**Capital assets.** Charter Township of Oxford's investment in capital assets for its governmental and business type activities as of December 31, 2005, amounts to \$20,896,028 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, and the water and sewer systems. The investment in fixed assets increased by \$1,406,139 due primarily to infrastructure and building improvements net of depreciation expense.

**Long-term debt.** At the end of the current fiscal year, Charter Township of Oxford had total bonded debt outstanding of \$19,930,000 and \$4,826 of installment loans payable. All of Charter Township of Oxford's debt represents general obligation debt backed by the full faith and credit of Charter Township of Oxford, subject to constitutional limit.

Additional information on Charter Township of Oxford's long-term debt can be found in note IV. D. on page 36 of this report.

## **Economic Factors and Next Year's Budgets and Rates**

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget may bring further reductions in state shared revenues. State shared revenues are expected to remain level in the 2006 fiscal year, however a slight reduction has been budgeted for in the 2006 budget. Property tax revenue will show modest gains, from new development, somewhat offset by required tax rate roll backs. Tax levies were approved by the voters in May of 2005, which will have a positive impact on the 2006 budgets.

These factors were considered in preparing Charter Township of Oxford's budget for the 2006 fiscal year.

## **Requests for Information**

This financial report is designed to provide a general overview of Charter Township of Oxford's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Township Supervisor, 18 W. Burdick Street, PO Box 3, Oxford, MI 48371.

## BASIC FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF OXFORD  
Statement of Net Assets  
December 31, 2005

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 5,642,928	\$ 7,059,335	\$ 12,702,263
Receivables (net of allowance for uncollectibles):			
Accounts	125,362	310,413	435,775
Notes	20,000	-	20,000
Due from Other Funds	5,429	190	5,619
Due from Other Units	32,252	838,173	870,425
Restricted Cash	-	8,782,925	8,782,925
Prepaid Expenditures	18,257	-	18,257
Capital Assets (net of Accumulated Depreciation)	11,656,333	9,239,695	20,896,028
Total Assets	<u>17,500,561</u>	<u>26,230,731</u>	<u>43,731,292</u>
<u>LIABILITIES</u>			
Accounts Payable	584,237	848,903	1,433,140
Accrued Liabilities	25,697	72,410	98,107
Due to Other Funds	200	5,419	5,619
Due to Other Units	9,901	500	10,401
Deferred Revenue	536,781	-	536,781
Noncurrent Liabilities:			
Due within one year	659,826	-	659,826
Due in more than one year	8,606,112	10,700,000	19,306,112
Total Liabilities	<u>10,422,754</u>	<u>11,627,232</u>	<u>22,049,986</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, net of related debt	2,390,395	7,322,620	9,713,015
Restricted for:			
Capital Projects	1,522,895	-	1,522,895
Debt Service	9,775	-	9,775
Unrestricted	3,154,742	7,280,879	10,435,621
Total Net Assets	<u>\$ 7,077,807</u>	<u>\$ 14,603,499</u>	<u>\$ 21,681,306</u>



CHARTER TOWNSHIP OF OXFORD  
Statement of Activities  
For the Year Ended December 31, 2005

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General Government	\$ 1,555,306	\$ 107,624	\$ 41,862	\$ 12,628
Public Safety	3,482,290	546,933	7,953	-
Planning and Zoning	149,296	49,284	-	-
Public Works	58,653	-	-	-
Health and Welfare	61,688	-	48,346	-
Recreation and Cultural	2,348,227	583,153	21,416	-
Interest on Long-Term Debt	455,611	-	-	-
Total Governmental Activities	<u>8,111,071</u>	<u>1,286,994</u>	<u>119,577</u>	<u>12,628</u>
Business-type Activities:				
Water	416,533	8,566	-	960,520
Sewer	1,209,021	1,054,494	-	642,500
Total Business-type Activities	<u>1,625,554</u>	<u>1,063,060</u>	<u>-</u>	<u>1,603,020</u>
Total	\$ <u>9,736,625</u>	\$ <u>2,350,054</u>	\$ <u>119,577</u>	\$ <u>1,615,648</u>

General Revenues:

Property Taxes

State Shared Revenue

Franchise Fees

Unrestricted Investment Earnings

Total General Revenues

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (1,393,192)	\$ -	\$ (1,393,192)
(2,927,404)	-	(2,927,404)
(100,012)	-	(100,012)
(58,653)	-	(58,653)
(13,342)	-	(13,342)
(1,743,658)	-	(1,743,658)
(455,611)	-	(455,611)
<u>(6,691,872)</u>	<u>-</u>	<u>(6,691,872)</u>
-	552,553	552,553
-	487,973	487,973
-	<u>1,040,526</u>	<u>1,040,526</u>
<u>(6,691,872)</u>	<u>1,040,526</u>	<u>(5,651,346)</u>
5,821,456	-	5,821,456
955,598	-	955,598
120,931	-	120,931
466,213	221,911	688,124
<u>7,364,198</u>	<u>221,911</u>	<u>7,586,109</u>
672,326	1,262,437	1,934,763
<u>6,405,481</u>	<u>13,341,062</u>	<u>19,746,543</u>
\$ <u><u>7,077,807</u></u>	\$ <u><u>14,603,499</u></u>	\$ <u><u>21,681,306</u></u>

CHARTER TOWNSHIP OF OXFORD  
Balance Sheet  
Governmental Funds  
December 31, 2005

	<u>General</u>	<u>Police Contracting</u>	<u>Parks and Recreation</u>	<u>Library</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 1,139,424	\$ 669,402	\$ 261,100	\$ 1,107,267
Receivables (net of allowance for uncollectibles):				
Accounts	36,534	7,826	75	-
Notes	-	-	-	20,000
Due from Other Funds	5,429	-	-	-
Due from Other Units	14,827	17,425	-	-
Prepaid Expenditures	10,545	1,550	4,153	-
Total Assets	\$ <u>1,206,759</u>	\$ <u>696,203</u>	\$ <u>265,328</u>	\$ <u>1,127,267</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts Payable	\$ 87,852	\$ 347,510	\$ 7,611	\$ 115,357
Accrued and Other Liabilities	6,851	-	-	15,240
Due to Other Funds	-	-	-	-
Due to Other Units	-	-	-	-
Deferred Revenue	71,419	188,554	64,189	105,116
Total Liabilities	<u>166,122</u>	<u>536,064</u>	<u>71,800</u>	<u>235,713</u>
Fund Balances:				
Reserved for:				
Capital Projects	-	-	-	-
Debt Service	-	-	-	-
Unreserved for:				
General Fund	1,040,637	-	-	-
Special Revenue Funds	-	160,139	193,528	891,554
Total Fund Balances	<u>1,040,637</u>	<u>160,139</u>	<u>193,528</u>	<u>891,554</u>
Total Liabilities and Fund Balances	\$ <u>1,206,759</u>	\$ <u>696,203</u>	\$ <u>265,328</u>	\$ <u>1,127,267</u>

Amounts reported for governmental activities in the statement of net assets are different because:

Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Net Assets of Governmental Activities

Building and Site	Other Governmental Funds	Total Governmental Funds
\$ 1,531,449	\$ 934,286	\$ 5,642,928
-	80,927	125,362
-	-	20,000
-	-	5,429
-	-	32,252
-	2,009	18,257
\$ <u>1,531,449</u>	\$ <u>1,017,222</u>	\$ <u>5,844,228</u>

\$ 8,554	\$ 17,353	\$ 584,237
-	3,606	25,697
-	200	200
-	9,901	9,901
-	107,503	536,781
<u>8,554</u>	<u>138,563</u>	<u>1,156,816</u>

1,522,895	-	1,522,895
-	9,775	9,775
-	-	1,040,637
-	868,884	2,114,105
<u>1,522,895</u>	<u>878,659</u>	<u>4,687,412</u>
\$ <u>1,531,449</u>	\$ <u>1,017,222</u>	

11,656,333

(9,265,938)

\$ 7,077,807

CHARTER TOWNSHIP OF OXFORD  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Funds  
For the Year Ended December 31, 2005

	<u>General</u>	<u>Police Contracting</u>	<u>Parks and Recreation</u>	<u>Library</u>
<u>Revenues</u>				
Property Taxes	\$ 671,957	\$ 1,729,598	\$ 609,597	\$ 994,523
Licenses and Permits	35,899	-	-	-
Intergovernmental:				
Federal, State and Local	991,859	13,400	1,105	37,161
Charges for Services	75,745	76,579	492,653	-
Fines and Forfeitures	-	59,977	-	18,283
Franchise Fees	-	-	-	-
Interest	64,445	26,781	11,781	45,113
Other	39,573	-	46,844	25,373
Total Revenues	<u>1,879,478</u>	<u>1,906,335</u>	<u>1,161,980</u>	<u>1,120,453</u>
<u>Expenditures</u>				
Current:				
General Government	1,163,944	-	-	-
Public Safety	-	1,980,306	-	-
Planning and Zoning	147,650	-	-	-
Public Works	45,844	-	-	-
Health and Welfare	61,688	-	-	-
Recreation and Cultural	-	-	1,081,273	1,054,682
Other	220,908	-	-	-
Debt Service:				
Principal	-	-	16,389	-
Interest and Other Charges	-	-	713	-
Capital Outlay	62,045	-	15,233	276,316
Total Expenditures	<u>1,702,079</u>	<u>1,980,306</u>	<u>1,113,608</u>	<u>1,330,998</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>177,399</u>	<u>(73,971)</u>	<u>48,372</u>	<u>(210,545)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	-	100,387	-	-
Transfers Out	<u>(132,387)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(132,387)</u>	<u>100,387</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	45,012	26,416	48,372	(210,545)
Fund Balances - Beginning	<u>995,625</u>	<u>133,723</u>	<u>145,156</u>	<u>1,102,099</u>
Fund Balances - Ending	<u>\$ 1,040,637</u>	<u>\$ 160,139</u>	<u>\$ 193,528</u>	<u>\$ 891,554</u>

<u>Building and Site</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 1,815,781	\$ 5,821,456
-	410,322	446,221
-	41,905	1,085,430
-	-	644,977
-	-	78,260
-	120,931	120,931
279,610	38,483	466,213
-	8,119	119,909
<u>279,610</u>	<u>2,435,541</u>	<u>8,783,397</u>
-	1,828	1,165,772
-	1,219,166	3,199,472
-	-	147,650
-	7,996	53,840
-	-	61,688
-	-	2,135,955
-	142,646	363,554
-	610,000	626,389
-	454,898	455,611
129,195	55,311	538,100
<u>129,195</u>	<u>2,491,845</u>	<u>8,748,031</u>
<u>150,415</u>	<u>(56,304)</u>	<u>35,366</u>
-	32,000	132,387
-	-	(132,387)
-	<u>32,000</u>	<u>-</u>
150,415	(24,304)	35,366
<u>1,372,480</u>	<u>902,963</u>	<u>4,652,046</u>
\$ <u><u>1,522,895</u></u>	\$ <u><u>878,659</u></u>	\$ <u><u>4,687,412</u></u>

CHARTER TOWNSHIP OF OXFORD  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2005

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 35,366
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	17,327
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>619,633</u>
Change in net assets in governmental activities	\$ <u><u>672,326</u></u>

CHARTER TOWNSHIP OF OXFORD  
Balance Sheet  
Proprietary Funds  
December 31, 2005

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets:			
Cash	\$ 6,055,202	\$ 1,004,133	\$ 7,059,335
Accounts Receivable	310,413	-	310,413
Due from Other Funds	-	190	190
Due from Other Units	228,983	609,190	838,173
Total Current Assets	<u>6,594,598</u>	<u>1,613,513</u>	<u>8,208,111</u>
Restricted Assets - Cash	<u>-</u>	<u>8,782,925</u>	<u>8,782,925</u>
Fixed Assets:			
Land	-	139,253	139,253
Water Mains	-	7,918,939	7,918,939
Sewer Mains	5,996,536	-	5,996,536
Accumulated Depreciation	<u>(4,113,024)</u>	<u>(702,009)</u>	<u>(4,815,033)</u>
Net Fixed Assets	<u>1,883,512</u>	<u>7,356,183</u>	<u>9,239,695</u>
Total Assets	<u>\$ 8,478,110</u>	<u>\$ 17,752,621</u>	<u>\$ 26,230,731</u>
<u>LIABILITIES AND FUND EQUITY</u>			
Current Liabilities:			
Accounts Payable	\$ 275,213	\$ 573,690	\$ 848,903
Contracts Payable	-	72,410	72,410
Due to Other Funds	190	5,229	5,419
Due to Other Units	-	500	500
Total Current Liabilities	<u>275,403</u>	<u>651,829</u>	<u>927,232</u>
Noncurrent Liabilities:			
Bonds Payable	<u>-</u>	<u>10,700,000</u>	<u>10,700,000</u>
Fund Equity:			
Invested in Capital Assets, net of related debt	1,883,512	5,439,108	7,322,620
Unrestricted	6,319,195	961,684	7,280,879
Total Fund Equity	<u>8,202,707</u>	<u>6,400,792</u>	<u>14,603,499</u>
Total Liabilities and Fund Equity	<u>\$ 8,478,110</u>	<u>\$ 17,752,621</u>	<u>\$ 26,230,731</u>



CHARTER TOWNSHIP OF OXFORD  
Statement of Revenues, Expenses and Changes in Fund Equity  
Proprietary Funds  
For the Year Ended December 31, 2005

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
Operating Revenues:			
Charges for Services	\$ <u>1,054,494</u>	\$ <u>8,566</u>	\$ <u>1,063,060</u>
Operating Expenses:			
Operations & Maintenance	1,059,108	43,044	1,102,152
Depreciation Expense	<u>149,913</u>	<u>123,390</u>	<u>273,303</u>
Total Operating Expenses	<u>1,209,021</u>	<u>166,434</u>	<u>1,375,455</u>
Operating Income (Loss)	<u>(154,527)</u>	<u>(157,868)</u>	<u>(312,395)</u>
Nonoperating Revenues (Expenses):			
Intergovernmental	-	226,370	226,370
Interest Income	201,279	20,632	221,911
Interest Expense	<u>-</u>	<u>(250,099)</u>	<u>(250,099)</u>
Total Nonoperating Revenues (Expenses)	<u>201,279</u>	<u>(3,097)</u>	<u>198,182</u>
Income (Loss) Before Contributions	46,752	(160,965)	(114,213)
Capital Contributions	<u>642,500</u>	<u>734,150</u>	<u>1,376,650</u>
Net Income	689,252	573,185	1,262,437
Fund Equity - January 1	<u>7,513,455</u>	<u>5,827,607</u>	<u>13,341,062</u>
Fund Equity - December 31	\$ <u><u>8,202,707</u></u>	\$ <u><u>6,400,792</u></u>	\$ <u><u>14,603,499</u></u>

CHARTER TOWNSHIP OF OXFORD  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2005

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from customers and users	\$ 859,091	\$ (580,312)	\$ 278,779
Payments to suppliers	(1,513,816)	(2,605)	(1,516,421)
Net Cash Provided (Used) by Operating Activities	(654,725)	(582,917)	(1,237,642)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Proceeds from Capital Debt	-	10,725,476	10,725,476
Construction of Capital Assets	-	(1,662,115)	(1,662,115)
Proceeds from County Grant	-	200,894	200,894
Capital Contributions	642,500	734,150	1,376,650
Interest Paid on Advance	-	(250,099)	(250,099)
Net Cash Provided (Used) by Capital and Related Financing Activities	642,500	9,748,306	10,390,806
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest Earned	201,279	20,632	221,911
Net Increase (Decrease) in Cash and Cash Equivalents	189,054	9,186,021	9,375,075
Cash and Cash Equivalents, Beginning	5,866,148	601,037	6,467,185
Cash and Cash Equivalents, Ending	\$ 6,055,202	\$ 9,787,058	\$ 15,842,260
<u>Balance Sheet Classifications:</u>			
Cash	\$ 6,055,202	\$ 1,004,133	\$ 7,059,335
Restricted Cash	-	8,782,925	8,782,925
Total Cash and Cash Equivalents	\$ 6,055,202	\$ 9,787,058	\$ 15,842,260
<u>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	\$ (154,527)	\$ (157,868)	\$ (312,395)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization Expense	149,913	123,390	273,303
(Increase) Decrease in Accounts Receivable	(48,649)	-	(48,649)
(Increase) Decrease in Due from Other Funds	3,500	1,894	5,394
(Increase) Decrease in Due from Other Units	(150,254)	(590,772)	(741,026)
Increase (Decrease) in Accounts Payable	55,035	508,550	563,585
Increase (Decrease) in Contracts Payable	-	27,410	27,410
Increase (Decrease) in Due to Other Funds	190	(496,021)	(495,831)
Increase (Decrease) in Due to Other Units	(509,933)	500	(509,433)
Net Cash Provided (Used) by Operating Activities:	\$ (654,725)	\$ (582,917)	\$ (1,237,642)

CHARTER TOWNSHIP OF OXFORD  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
December 31, 2005

		<u>Agency Funds</u>	
	<u>Cemetery Trust Fund</u>	<u>Current Tax Collection</u>	<u>Trust &amp; Agency</u>
<u>ASSETS</u>			
Cash	\$ 43,241	\$ 4,860,652	\$ 430,880
<u>LIABILITIES</u>			
Due to Other	<u>-</u>	<u>4,860,652</u>	<u>430,880</u>
<u>NET ASSETS</u>			
Reserved for Cemetery	\$ <u>43,241</u>	\$ <u>-</u>	\$ <u>-</u>

CHARTER TOWNSHIP OF OXFORD  
Statement of Changes in Fiduciary Net Assets  
Cemetery Trust Fund  
For the Year Ended December 31, 2005

Additions:		
Interest Income	\$	1,103
Deductions:		
Maintenance Expense		<u>(1,103)</u>
Net Increase		-
Net Assets - Beginning		<u>43,241</u>
Net Assets - Ending	\$	<u><u>43,241</u></u>

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Oxford Township became a Charter Township by resolution of the Township Board. The Township is operated under a Board of Trustees form of government and provides the following services as authorized by law: public safety (police and fire), library, recreation, public improvements, building, planning and zoning, and general administrative services.

As required by generally accepted accounting principles, these financial statements present the Charter Township of Oxford and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the Township's operations and so data from these units is combined with data of the primary government. The discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. All component units of the Charter Township of Oxford are blended component units and as such, all their financial data has been combined with the data of the primary government in these financial statements. Each component unit has a December 31 year end.

B. Joint Ventures

North Oakland Transportation Authority

The Authority provides transportation services for the following six entities, the Charter Township of Oxford, the Charter Township of Orion, the Township of Addison, the Village of Lake Orion, the Village of Leonard and the Village of Oxford. The Authority's board consists of nine members of which the Charter Township of Oxford appoints two. For the fiscal year ended December 31, 2005, the Charter Township of Oxford provided \$47,266 to the Authority. The North Oakland Transportation Authority is not considered a part of the reporting entity of the Charter Township of Oxford. Separate financial statements of the joint venture may be obtained at North Oakland Transportation Authority, 720 James Hunt Dr., PO Box 96, Oxford, Michigan 48371.

Oxford Public Fire & EMS Commission

The Oxford Public Fire and EMS commission provides fire and emergency medical service to the Charter Township of Oxford and the Village of Oxford. The Commission's board consists of all board members of the Township and all council members of the Village. During the fiscal year ended December 31, 2005, the Charter Township of Oxford provided \$794,499 to the Commission. The Oxford Public Fire and EMS Commission is not considered a part of the reporting entity of the Charter Township of Oxford. Separate financial statements of the joint venture may be obtained at Oxford Public Fire and EMS Commission, 96 S. Washington, PO Box 911, Oxford, Michigan 48371.

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

Governmental Funds

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Police Contracting, Parks and Recreation, and Library Funds are special revenue funds supported by voted operating tax levies. The Building and Site Fund is a capital projects fund used to accumulate resources for improvements and acquisitions of Township real and personal property.

In addition, the Township reports on the following fund types:

The special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes.

The debt service funds account for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

The capital project funds account for bond proceeds and the related construction expenditures for the respective projects.

Proprietary Funds

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds include the following fund type:

Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Township has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The Township's enterprise funds are the Water and Sewer Funds, which are reported as major funds.

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued

Proprietary Funds - Continued

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

Fiduciary Funds

Fiduciary Funds account for assets held by the government in a trustee capacity by the Township or as an agent on behalf of others. Fiduciary funds include the following fund types:

Cemetery Trust Funds – The Cemetery Trust Fund Accounts for the accumulation of perpetual care revenues from cemetery lot sales. The revenues earned on these accumulations can be used to offset maintenance expenses.

The Agency Funds are used to account for assets that the government holds for others in an agency capacity. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Restricted Resources

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as needed.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. State statutes and the Township's adopted investment policy authorize the Township to invest in obligations of the U.S. Treasury, commercial paper of certain investment grades, and deposits of Michigan commercial banks.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of allowances for uncollectible accounts, which are recorded as follows:

	<u>Accounts Receivable Governmental</u>	<u>Accounts Receivable Enterprise</u>
Total	\$ 125,362	\$ 310,413
Less Allowance for Doubtful Accounts	<u>-</u>	<u>-</u>
Net Realizable Value	<u>\$ 125,362</u>	<u>\$ 310,413</u>

3. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

E. Assets, Liabilities and Net Assets or Equity – Continued

3. Capital Assets – Continued

are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of capitalized value of the assets constructed.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10-25
Equipment	5-15
Infrastructure	15-50

4. Compensated Absences

In accordance with contracts negotiated with the various employee groups of the Township, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in the contracts. All sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only when they have matured or come due for payment. The long-term portion of compensated absences related to the governmental funds is a liability recorded in the Statement of Net Assets. The total liability at December 31, 2005 is \$53,203.

5. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

E. Assets, Liabilities and Net Assets or Equity – Continued

5. Long-term Obligations – Continued

portion of such obligations is reported in the Statement of Net Assets. Long-term liabilities expected to be financed from proprietary funds are reported as liabilities in those funds.

6. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet And the Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$9,265,938 difference are as follows:

General Obligation Bonds and Contracts Payable	\$ 9,234,826
Compensated Absences Payable	<u>31,112</u>
	<u>\$ 9,265,938</u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2005

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS -  
Continued

B. Explanation of Certain Differences Between the Governmental Fund Statement  
of Revenues, Expenditures, and Changes in Fund Balances and the Government-  
Wide Statement of Activities – Continued

allocated over their estimated useful lives and reported as depreciation  
expense.” The details of this \$17,327 difference are as follows:

Capital Outlay	\$ 538,100
Depreciation Expense	<u>(520,773)</u>
	<u>\$ 17,327</u>

Another element of that reconciliation states that “the issuance of long-term  
debt (e.g., bonds, leases) provides current financial resources to governmental  
funds, while the repayment of the principal of long-term debt consumes the  
current financial resources of governmental funds. Neither transaction, however,  
has any effect on net assets. Also, governmental funds report the effect of  
issuance costs, premiums, discounts, and similar items when debt is first issued,  
whereas these amounts are deferred and amortized in the statement of  
activities.” The details of this \$619,633 difference are as follows:

Principal Repayments	\$ 626,389
Increase in Compensated Absences	<u>( 6,756)</u>
	<u>\$ 619,633</u>

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Township is legally subject to the budgetary control requirements of the State  
of Michigan P.A. 621 of 1978 (Uniform Budgeting Act). The following is a summary  
of the requirements of this act:

- a. Budgets must be adopted for the General and Special Revenue Funds.
- b. Budgets must be balanced.
- c. Budgets must be amended as necessary.
- d. Public hearings must be held prior to adoption.
- e. Expenditures cannot exceed budget appropriations.
- f. Expenditures must be authorized by a budget appropriation prior to being  
incurred.

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2005

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

A. Budgetary Information - Continued

The Township follows these procedures in establishing the budgetary data reflected in these financial statements:

1. In accordance with State law, prior to September 30, the Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and means of financing them for the upcoming year. Detail line item budgets are included for administrative control. The level of control for the detail budgets is at the departmental basis.
2. Public hearings are conducted in September and October to obtain taxpayer comment.
3. Prior to December 15, the budget is legally enacted through passage of a budget resolution (general appropriation act).
4. Formal budgetary integration is employed as a management control device for the General and Special Revenue Funds. Budgets for these funds are prepared and adopted on a basis consistent with generally accepted accounting principles (GAAP).
5. Proprietary Fund budgets are prepared on a non-GAAP method.
6. Budget appropriations lapse at year end.
7. The Township does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds.
8. Budgeted amounts are reported as originally adopted and as amended by the Township Board. The budget was amended during fiscal year 2005.

B. Compliance with P.A. 621 of 1978

1. Deficit Fund Balance

None of the funds have a deficit fund balance as of December 31, 2005.

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2005

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

B. Compliance with P.A. 621 of 1978 - Continued

2. Excess of Expenditures Over Appropriations in Budgetary Funds

The following departments had excess of expenditures over appropriations:

<u>General Fund</u>	<u>Actual</u>	<u>Final Budget</u>	<u>Excess of Expenditures Over Appropriations</u>
Professional Fees	\$ 235,895	\$ 206,556	\$ 29,339
Board of Appeals	8,756	4,323	4,433
Engineering	21,418	20,000	1,418
Citizens Programs	49,518	44,396	5,122
 <u>Parks and Recreation Fund</u>			
Recreation	1,081,273	957,654	123,619
 <u>Building Fund</u>			
Public Safety	402,873	398,605	4,268

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Under State law, the Township is permitted to invest in deposits with Michigan commercial banks, savings and loans and credit unions, obligations of the U.S. Treasury, and corporate bonds and commercial paper with certain investment grades.

The following information, as required by the Governmental Accounting Standards Board Statement Number 40, is presented regarding the Township's deposits and investments:

Custodial Credit Risk is the risk that in the event of a bank failure, the Township's deposits may not be recovered. Neither State law nor the Township's investment policy requires consideration of custodial credit risk. As of December 31, 2005, the Township's book balance of its deposits was \$26,819,961. The bank balance was \$26,746,795 which was exposed to custodial credit risk, as follows:

	<u>Bank Balance</u>
Insured by F.D.I.C.	\$ 178,023
Uninsured and Uncollateralized	<u>26,568,772</u>
Total	<u>\$26,746,795</u>

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2005

IV. DETAILED NOTES ON ALL FUNDS - Continued

A. Deposits and Investments – Continued

A reconciliation of cash to the accompanying financial statements follows:

Statement of Net Assets:	
Cash and Cash Equivalents	\$ 12,702,263
Restricted Assets-Cash	8,782,925
Trust Funds	43,241
Agency Funds	<u>5,291,532</u>
Total	<u>\$ 26,819,961</u>

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Township's investment policy does not further limit its investment choices.

Interest Rate Risk. The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Township's deposits and investments consisted of the following:

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Deposits and Investments:		
Savings and Checking Accounts	\$ 662,742	Demand
Money Market	\$12,593,157	Demand
Pooled Investments	\$ 8,782,925	Demand
Certificates of Deposit	\$ 4,703,971	58 Days

Credit Risk. State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township's investment policy does not further limit its investment choices. As of year end, all deposits and investments consist of demand accounts, pooled investments, and certificates of deposit, all of which are not rated.

Concentration of Credit Risk. The Township's investment policy places no limit on the amount the Township may invest in any one issuer. The Township does not have more than 5% of its total investments in a single issuer.

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2005

IV. DETAILED NOTES ON ALL FUNDS - Continued

B. Capital Assets

Capital asset activity for the year ended December 31, 2005 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets, not depreciated:				
Land	\$ 1,246,084	\$ -	\$ -	\$ 1,246,084
Capital Assets, being depreciated:				
Building and Land Improvements	9,849,809	429,221	-	10,279,030
Vehicles	1,968,949	-	-	1,968,949
Machinery and Equipment	1,122,400	86,419	-	1,208,819
Infrastructure	72,194	22,460	-	94,654
	<u>14,259,436</u>	<u>538,100</u>	<u>-</u>	<u>14,797,536</u>
Less: Accumulated Depreciation:				
Building and Land Improvements	(1,796,429)	(232,586)	-	(2,029,015)
Vehicles	(399,808)	(134,089)	-	(533,897)
Machinery and Equipment	(420,473)	(149,035)	-	(569,508)
Infrastructure	(3,720)	(5,063)	-	(8,783)
	<u>(2,620,430)</u>	<u>(520,773)</u>	<u>-</u>	<u>(3,141,203)</u>
Governmental Activities Capital Assets, net	<u>\$11,639,006</u>	<u>\$ 17,327</u>	<u>\$ -</u>	<u>\$11,656,333</u>

Depreciated expense was charged to functions programs of the primary government as follows:

General Government	\$ 25,980
Public Safety	282,818
Planning and Zoning	1,646
Public Works	4,813
Recreational Cultural	<u>205,516</u>
	<u>\$ 520,773</u>



CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2005

IV. DETAILED NOTES ON ALL FUNDS - Continued

B. Capital Assets – Continued

<u>Business-type Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets, not depreciated:				
Land	\$ 139,253	\$ -	\$ -	\$ 139,253
Capital Assets, being depreciated:				
Infrastructure	12,253,360	1,662,115	-	13,915,475
Less: Accumulated Depreciation:				
Infrastructure	<u>(4,541,730)</u>	<u>(273,303)</u>	<u>-</u>	<u>(4,815,033)</u>
Business-type Activities Capital Assets, net	<u>\$7,850,883</u>	<u>\$1,388,812</u>	<u>\$ -</u>	<u>\$9,239,695</u>

C. Interfund Receivables, Payables and Transfers

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water Enterprise Fund	\$ 5,229
General Fund	Building Fund	200
Water Enterprise Fund	Sewer Enterprise Fund	190
		<u>\$ 5,619</u>
 <u>Transfers In</u>	 <u>Transfers Out</u>	
Police Contracting Fund	General Fund	\$ 100,387
Police Fund	General Fund	32,000
		<u>\$ 132,387</u>

Interfund accounts receivable and accounts payable represent uncleared balances at year end, arising in the normal course of business.

Transfers from the General Fund to the Police Contracting Fund and Police Fund represent budgeted amounts to augment restricted revenues for law enforcement activities.

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2005

IV. DETAILED NOTES ON ALL FUNDS - Continued

D. Long-Term Debt

The following is a summary of long-term debt transactions of the Township for the year ended December 31, 2005:

	Balance Jan 1, 2005	Additions	Reductions	Balance Dec 31, 2005	Due Within One Year
Governmental Activities:					
Installment Notes	\$ 21,215	\$ -	\$ 16,389	\$ 4,826	\$ 4,826
General Obligation Bonds	9,840,000	-	610,000	9,230,000	655,000
Compensated Absence	24,356	6,756	-	31,112	-
	<u>\$ 9,885,571</u>	<u>\$ 6,756</u>	<u>\$ 626,389</u>	<u>\$ 9,265,938</u>	<u>\$ 659,826</u>
Business Activities:					
General Obligation Bonds	\$ -	\$ 10,700,000	\$ -	\$ 10,700,000	\$ -
	<u>\$ -</u>	<u>\$ 10,700,000</u>	<u>\$ -</u>	<u>\$ 10,700,000</u>	<u>\$ -</u>

The following is a summary of general obligation debt outstanding of the Township as of December 31, 2005:

	Number of Issues	Interest Rate	Maturing Through	Principal Outstanding
Governmental Activities:				
Installment Notes	1	5.597%	2006	\$ 4,826
General Obligation Bonds	2	4.60%-5.10%	2016	9,230,000
				<u>\$ 9,234,826</u>
Business Activities:				
General Obligation Bonds	1	3.5%-4.5%	2030	<u>\$ 10,700,000</u>

The annual debt service requirements to maturity for debt outstanding as of December 31, 2005 is as follows:

Year Ended	Governmental Activities		Business Activities	
	Principal	Interest	Principal	Interest
2006	\$ 659,826	\$ 427,865	\$ -	\$ 447,070
2007	700,000	396,985	250,000	447,070
2008	750,000	364,084	260,000	438,320
2009	805,000	328,694	270,000	429,220
2010	860,000	290,406	285,000	419,770
2011-2015	5,075,000	769,330	1,650,000	1,928,338
2016-2030	385,000	17,710	7,985,000	3,120,057
	<u>\$ 9,234,826</u>	<u>\$ 2,595,074</u>	<u>\$ 10,700,000</u>	<u>\$ 7,229,845</u>

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2005

IV. DETAILED NOTES ON ALL FUNDS - Continued

E. Reserved Fund Balance

A detailed description of fund balance reservations and designations (for all governmental fund types) at December 31, 2005, is presented below:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>Fund Balance</u>				
Reserved for:				
Capital Projects	\$ -	\$ -	\$ -	\$ 1,522,895
Debt Service	-	-	9,775	-
Total Reserved	-	-	9,775	1,522,895
Unreserved:				
Designated	-	560,888	-	-
Undesignated	1,040,637	1,553,217	-	-
Total Fund Balance	<u>\$ 1,040,637</u>	<u>\$ 2,114,105</u>	<u>\$ 9,775</u>	<u>\$ 1,522,895</u>

F. Property Taxes

Property taxes are assessed as of each December 31. The Township tax levy is billed on December 1 of the following year, and payable through February. Taxes are considered delinquent on March 1, at which time the applicable property is subject to lien and penalty and interest is assessed. The maximum authorized operating levies for the Township are detailed below:

<u>Purpose</u>	<u>Authorization</u>	<u>Authorized Rate (Pre Rollback)*</u>	<u>Per \$1,000 State Equalized Value</u>	
			<u>Authorized Rate (Post Rollback)*</u>	<u>Rate Levied</u>
Operating	State Law	1.4100	.9664	.9500
Police Services	Voter Approved	3.2400	2.9623	2.9623
Library	Voter Approved	1.0000	.6855	.6855
Library	Voter Approved	.8500	.7315	.7315
Parks and Recreation	Voter Approved	.9645	.8653	.8653
Library Debt	Voter Approved	As Needed	-	.4620
Fire Services	Voter Approved	1.4716	1.3043	1.3043
Fire Debt	Voter Approved	As Needed	-	<u>1.0400</u>
Total				<u>9.0009</u>

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2005

V. OTHER INFORMATION

A. Library Contract Receivable

On July 23 ,1998, the Township library sold the old library building and land to the Village of Oxford for \$100,000. The amount is to be collected in annual payments of \$10,000 principal plus interest at the rate of 3%, per annum. As of December 31, 2005, \$20,000 of the contract receivable remained outstanding and is recorded in the Library Operating Fund.

<u>Due Date</u>	<u>Principal Amount</u>	<u>Interest Amount</u>
4-1-06	\$ 10,000	\$ 600
4-1-07	<u>10,000</u>	<u>300</u>
Totals	<u>\$ 20,000</u>	<u>\$ 900</u>

B. Risk Management

The Township is a member of the Michigan Township Participating Plan for its property and casualty insurance coverage and maintains commercial insurance coverage for workers compensation, and accidental death, dismemberment and disability liabilities. The Township believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this coverage in any of the past three fiscal years.

C. Fire and Emergency Services

The Township of Oxford and the Village of Oxford are currently in the process of dissolving the Oxford Public Fire and EMS Commission (OPFEC), which will be effective January 1, 2006, at which time the Township will commence operations of the fire and emergency services. Negotiations for the assets of the Commission are still in progress. The Township residents approved 2 new millages for a period of 5 years at the May 2005 election, 1.5 mills for Fire Protection and Emergency Medical Services and 1.0 mill for Advanced Life Support Services, beginning with the Winter 2005 tax roll.

D. Defined Contribution Plans

The Township maintains three separate defined contribution pension plans for its elected officials and other qualified employees of the Township, Parks and Recreation, and Library. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees of the different plans are eligible to participate at varying dates of employment. The plans were established by Township ordinance, which may be revised by

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2005

V. OTHER INFORMATION - Continued

D. Defined Contribution Plans - Continued

amendment of the ordinance. Additional information for each plan follows:

	<u>General</u>	<u>Parks and</u>	<u>Library</u>
Plan Administrator	Manulife	Manulife	Various
Vesting	Immediate	Immediate	Immediate
Contribution Base	Base Compensation	Base Compensation	Base Compensation
Employer Contribution Rate	10-15%	15%	Discretionary
Employee Voluntary Contribution Rate	Up to 10%	Up to 10%	N/A
Numbered Participants	17	7	14
Employer Contribution	\$68,118	\$30,095	\$43,499
Employee Contribution	\$4,927	\$-0-	N/A

E. Contingent Liabilities

Property Tax Appeals

Utility companies appealed tax assessments for 1997-2003, claiming that the State Tax Commission revised depreciation tables adopted in 1999 had retroactive effect. The Township has defended the action, but the case remains unsettled, as is the case statewide. The Township attorney is unable to determine the probable results for the tax amounts in question. Accordingly, adjustments, if any, that might result from the resolution of this matter have not been reflected in the financial statements.

The Township also has other property tax assessment appeals pending. The Township attorney is unable to determine the probable results and therefore no adjustments have been reflected in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CHARTER TOWNSHIP OF OXFORD  
General Fund  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Property Taxes	\$ 659,400	\$ 662,359	\$ 671,957	\$ 9,598
Licenses and Permits	39,300	38,186	35,899	(2,287)
Intergovernmental - Federal	35,000	41,228	48,346	7,118
Intergovernmental - State	978,500	854,877	943,513	88,636
Charges for Services	56,370	80,655	75,745	(4,910)
Interest	20,860	57,787	64,445	6,658
Other	37,493	39,594	39,573	(21)
Total Revenues	<u>1,826,923</u>	<u>1,774,686</u>	<u>1,879,478</u>	<u>104,792</u>
Expenditures:				
General Government:				
Township Board	43,100	45,437	41,633	3,804
Township Supervisor	105,215	102,972	102,891	81
Elections	40,900	25,472	24,000	1,472
Assessor	128,500	154,194	146,108	8,086
Professional Fees	228,919	206,556	235,895	(29,339)
Township Clerk	133,443	133,448	132,274	1,174
Board of Review	3,290	3,270	3,170	100
Township Treasurer	133,919	127,151	124,638	2,513
Township Hall Building	37,800	31,838	31,544	294
Veterans Building	68,500	72,414	67,625	4,789
Cemetery	51,950	46,392	42,095	4,297
Other	224,750	218,272	212,071	6,201
Total General Government	<u>1,200,286</u>	<u>1,167,416</u>	<u>1,163,944</u>	<u>3,472</u>
Planning and Zoning:				
Planning Commission	172,752	168,169	138,894	29,275
Board of Appeals	17,100	4,323	8,756	(4,433)
Total Planning and Zoning	<u>189,852</u>	<u>172,492</u>	<u>147,650</u>	<u>24,842</u>
Public Works:				
Highways and Streets	16,100	16,785	16,785	-
Street Lighting	7,600	8,285	7,641	644
Engineering	20,000	20,000	21,418	(1,418)
Total Public Works	<u>43,700</u>	<u>45,070</u>	<u>45,844</u>	<u>(774)</u>
Health and Welfare:				
Citizen Programs	35,000	44,396	49,518	(5,122)
Social Services	14,550	15,170	12,170	3,000
Total Health and Welfare	<u>49,550</u>	<u>59,566</u>	<u>61,688</u>	<u>(2,122)</u>
Other Functions:				
Fringe Benefits	172,035	175,594	169,046	6,548
Insurance and Bonds	43,000	51,862	51,862	-
Contributions	115,487	-	-	-
Total Other Functions	<u>330,522</u>	<u>227,456</u>	<u>220,908</u>	<u>6,548</u>
Capital Outlay	<u>58,400</u>	<u>84,084</u>	<u>62,045</u>	<u>22,039</u>
Total Expenditures	<u>1,872,310</u>	<u>1,756,084</u>	<u>1,702,079</u>	<u>54,005</u>

(continued)

CHARTER TOWNSHIP OF OXFORD  
General Fund  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Excess (Deficiency) of Revenues Over Expenditures	\$ (45,387)	\$ 18,602	\$ 177,399	\$ 158,797
Other Financing Uses: Operating Transfers Out	<u>(55,000)</u>	<u>(150,474)</u>	<u>(132,387)</u>	<u>18,087</u>
Net Change in Fund Balance	\$ <u>(100,387)</u>	\$ <u>(131,872)</u>	45,012	\$ <u>176,884</u>
Fund Balance - January 1			<u>995,625</u>	
Fund Balance - December 31			\$ <u>1,040,637</u>	



CHARTER TOWNSHIP OF OXFORD  
Police Contracting Special Revenue Fund  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Property Taxes	\$ 1,732,000	\$ 1,739,633	\$ 1,729,598	\$ (10,035)
Intergovernmental-State	16,000	13,400	13,400	-
Charges for Services	74,221	75,953	76,579	626
Fines and Forfeitures	50,300	50,325	59,977	9,652
Interest	2,800	1,800	26,781	24,981
Total Revenues	1,875,321	1,881,111	1,906,335	25,224
Expenditures:				
Public Safety	1,920,632	2,025,109	1,980,306	44,803
Excess (Deficiency) of Revenue				
Over Expenditures	(45,311)	(143,998)	(73,971)	70,027
Other Financing Sources:				
Operating Transfer In	-	105,474	100,387	(5,087)
Net Change in Fund Balance	\$ <u>(45,311)</u>	\$ <u>(38,524)</u>	26,416	\$ <u>64,940</u>
Fund Balance - January 1			<u>133,723</u>	
Fund Balance - December 31			\$ <u>160,139</u>	

CHARTER TOWNSHIP OF OXFORD  
Parks and Recreation Special Revenue Fund  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2005

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Property Taxes	\$ 610,200	\$ 610,200	\$ 609,597	\$ (603)
Intergovernmental-State	-	-	1,105	1,105
Charges for Services	489,800	489,800	492,653	2,853
Interest	4,000	4,000	11,781	7,781
Other	21,000	21,000	46,844	25,844
Total Revenues	<u>1,125,000</u>	<u>1,125,000</u>	<u>1,161,980</u>	<u>36,980</u>
Expenditures:				
Recreation	957,654	957,654	1,081,273	(123,619)
Debt Service:				
Principal	23,640	23,640	16,389	7,251
Interest and Fees	1,000	1,000	713	287
Capital Outlay	15,500	15,500	15,233	267
Total Expenditures	<u>997,794</u>	<u>997,794</u>	<u>1,113,608</u>	<u>(115,814)</u>
Net Change in Fund Balance	\$ <u>127,206</u>	\$ <u>127,206</u>	48,372	\$ <u>(78,834)</u>
Fund Balance - January 1			<u>145,156</u>	
Fund Balance - December 31			\$ <u>193,528</u>	

CHARTER TOWNSHIP OF OXFORD  
Library Special Revenue Fund  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2005

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Property Taxes	\$ 1,002,439	\$ 993,200	\$ 994,523	\$ 1,323
Intergovernmental-State	17,545	15,745	15,745	-
Intergovernmental-Local	22,900	21,416	21,416	-
Fines	15,000	17,000	18,283	1,283
Interest	23,050	34,600	45,113	10,513
Other	30,000	30,000	25,373	(4,627)
Total Revenues	<u>1,110,934</u>	<u>1,111,961</u>	<u>1,120,453</u>	<u>8,492</u>
Expenditures:				
Operating	1,105,934	1,125,714	1,054,682	71,032
Capital Outlay	<u>5,000</u>	<u>365,000</u>	<u>276,316</u>	<u>88,684</u>
Total Expenditures	<u>1,110,934</u>	<u>1,490,714</u>	<u>1,330,998</u>	<u>159,716</u>
Net Change in Fund Balance	\$ <u>-</u>	\$ <u>(378,753)</u>	(210,545)	\$ <u>168,208</u>
Fund Balance - January 1			<u>1,102,099</u>	
Fund Balance - December 31			\$ <u><u>891,554</u></u>	

CHARTER TOWNSHIP OF OXFORD  
Building and Site Capital Project Fund  
Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended December 31, 2005

Revenues:		
Interest	\$	279,610
Expenditures:		
Construction		<u>129,195</u>
Net Change in Fund Balance		150,415
Fund Balance - January 1		<u>1,372,480</u>
Fund Balance - December 31	\$	<u><u>1,522,895</u></u>

OTHER SUPPLEMENTARY INFORMATION

CHARTER TOWNSHIP OF OXFORD  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2005

	Special Revenue	Debt Service	Fire Construction Capital Project	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 817,008	\$ 117,278	\$ -	\$ 934,286
Accounts Receivable	80,927	-	-	80,927
Prepaid Expenditures	<u>2,009</u>	<u>-</u>	<u>-</u>	<u>2,009</u>
Total Assets	\$ <u><u>899,944</u></u>	\$ <u><u>117,278</u></u>	\$ <u><u>-</u></u>	\$ <u><u>1,017,222</u></u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts Payable	\$ 17,353	\$ -	\$ -	\$ 17,353
Accrued Liabilities	3,606	-	-	3,606
Due to Other Funds	200	-	-	200
Due to Other Units	9,901	-	-	9,901
Deferred Revenue	<u>-</u>	<u>107,503</u>	<u>-</u>	<u>107,503</u>
Total Liabilities	<u>31,060</u>	<u>107,503</u>	<u>-</u>	<u>138,563</u>
Fund Balance:				
Reserved for :				
Debt Service	-	9,775	-	9,775
Unreserved	<u>868,884</u>	<u>-</u>	<u>-</u>	<u>868,884</u>
Total Fund Balance	<u>868,884</u>	<u>9,775</u>	<u>-</u>	<u>878,659</u>
Total Liabilities and Fund Balance	\$ <u><u>899,944</u></u>	\$ <u><u>117,278</u></u>	\$ <u><u>-</u></u>	\$ <u><u>1,017,222</u></u>

CHARTER TOWNSHIP OF OXFORD  
Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2005

	Special Revenue	Debt Service	Fire Construction Capital Projects	Total Nonmajor Governmental Funds
<u>Revenues:</u>				
Property Taxes	\$ 761,523	\$ 1,054,258	\$ -	\$ 1,815,781
Licenses and Permits	410,322	-	-	410,322
Intergovernmental	41,905	-	-	41,905
Franchise Fees	120,931	-	-	120,931
Interest	30,856	7,358	269	38,483
Other	7,170	949	-	8,119
Total Revenues	<u>1,372,707</u>	<u>1,062,565</u>	<u>269</u>	<u>2,435,541</u>
<u>Expenditures:</u>				
General Government	1,828	-	-	1,828
Public Safety	1,219,166	-	-	1,219,166
Public Works	7,996	-	-	7,996
Other	132,161	10,485	-	142,646
Debt Service:				
Principal	-	610,000	-	610,000
Interest and Other Charges	-	454,898	-	454,898
Capital Outlay	34,677	-	20,634	55,311
Total Expenditures	<u>1,395,828</u>	<u>1,075,383</u>	<u>20,634</u>	<u>2,491,845</u>
Excess (Deficiency) of Revenues Over Expenditures	(23,121)	(12,818)	(20,365)	(56,304)
Other Financing Sources:				
Operating Transfers In	<u>32,000</u>	<u>-</u>	<u>-</u>	<u>32,000</u>
Net Change in Fund Balances	8,879	(12,818)	(20,365)	(24,304)
Fund Balances - January 1	<u>860,005</u>	<u>22,593</u>	<u>20,365</u>	<u>902,963</u>
Fund Balances - December 31	<u>\$ 868,884</u>	<u>\$ 9,775</u>	<u>\$ -</u>	<u>\$ 878,659</u>

CHARTER TOWNSHIP OF OXFORD  
Nonmajor Special Revenue Funds  
Combining Balance Sheet  
December 31, 2005

	<u>Building</u>	<u>Fire</u>	<u>Cable Television</u>	<u>Road</u>
<u>ASSETS</u>				
Cash	\$ 286,418	\$ 196,510	\$ 177,475	\$ 30,940
Accounts Receivable	62	-	80,865	-
Prepaid Expenditures	<u>1,396</u>	<u>-</u>	<u>613</u>	<u>-</u>
Total Assets	\$ <u><u>287,876</u></u>	\$ <u><u>196,510</u></u>	\$ <u><u>258,953</u></u>	\$ <u><u>30,940</u></u>
 <u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts Payable	\$ 13,274	\$ -	\$ 785	\$ -
Accrued Liabilities	3,606	-	-	-
Due to Other Funds	200	-	-	-
Due to Other Units	<u>-</u>	<u>-</u>	<u>9,901</u>	<u>-</u>
Total Liabilities	17,080	-	10,686	-
Fund Balance:				
Unreserved:				
Undesignated	<u>270,796</u>	<u>196,510</u>	<u>248,267</u>	<u>30,940</u>
Total Liabilities and Fund Balance	\$ <u><u>287,876</u></u>	\$ <u><u>196,510</u></u>	\$ <u><u>258,953</u></u>	\$ <u><u>30,940</u></u>



<u>Cemetery Maintenance</u>	<u>Police Narcotics</u>	<u>Safety Path</u>	<u>Police</u>	<u>Telecom- munication</u>	<u>Total</u>
\$ 47,203	\$ 4,336	\$ 52,336	\$ 1,475	\$ 20,315	\$ 817,008
-	-	-	-	-	80,927
-	-	-	-	-	2,009
<u>47,203</u>	<u>4,336</u>	<u>52,336</u>	<u>1,475</u>	<u>20,315</u>	<u>899,944</u>

\$ -	\$ -	\$ 3,294	\$ -	\$ -	\$ 17,353
-	-	-	-	-	3,606
-	-	-	-	-	200
-	-	-	-	-	9,901
-	-	3,294	-	-	31,060

<u>47,203</u>	<u>4,336</u>	<u>49,042</u>	<u>1,475</u>	<u>20,315</u>	<u>868,884</u>
<u><u>47,203</u></u>	<u><u>4,336</u></u>	<u><u>52,336</u></u>	<u><u>1,475</u></u>	<u><u>20,315</u></u>	<u><u>899,944</u></u>

CHARTER TOWNSHIP OF OXFORD  
Nonmajor Special Revenue Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
For the Year Ended December 31, 2005

	<u>Building</u>	<u>Fire</u>	<u>Cable Television</u>	<u>Road</u>
Revenues:				
Property Taxes	\$ -	\$ 761,523	\$ -	\$ -
Licenses and Permits	410,322	-	-	-
Intergovernmental - State	-	1,493	-	-
Intergovernmental - Local	-	-	29,858	-
Franchise Fees	-	-	120,931	-
Interest	8,228	12,080	5,466	963
Other	33	22	7,115	-
Total Revenues	<u>418,583</u>	<u>775,118</u>	<u>163,370</u>	<u>963</u>
Expenditures:				
Current:				
General Government	-	-	-	-
Public Safety	402,873	767,320	-	-
Public Works	-	-	-	7,996
Other	-	-	132,161	-
Capital Outlay	2,195	-	10,022	-
Total Expenditures	<u>405,068</u>	<u>767,320</u>	<u>142,183</u>	<u>7,996</u>
Excess (Deficiency) of Revenues Over Expenditures	13,515	7,798	21,187	(7,033)
Other Financing Sources:				
Operating Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	13,515	7,798	21,187	(7,033)
Fund Balance - January 1	<u>257,281</u>	<u>188,712</u>	<u>227,080</u>	<u>37,973</u>
Fund Balance - December 31	<u>\$ 270,796</u>	<u>\$ 196,510</u>	<u>\$ 248,267</u>	<u>\$ 30,940</u>

<u>Cemetery Maintenance</u>	<u>Police Narcotics</u>	<u>Safety Path</u>	<u>Police</u>	<u>Telecom- munication</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 761,523
-	-	-	-	-	410,322
-	-	-	-	10,554	12,047
-	-	-	-	-	29,858
-	-	-	-	-	120,931
1,802	118	1,591	181	427	30,856
-	-	-	-	-	7,170
<u>1,802</u>	<u>118</u>	<u>1,591</u>	<u>181</u>	<u>10,981</u>	<u>1,372,707</u>
1,828	-	-	-	-	1,828
-	-	12,205	36,768	-	1,219,166
-	-	-	-	-	7,996
-	-	-	-	-	132,161
22,460	-	-	-	-	34,677
<u>24,288</u>	<u>-</u>	<u>12,205</u>	<u>36,768</u>	<u>-</u>	<u>1,395,828</u>
(22,486)	118	(10,614)	(36,587)	10,981	(23,121)
-	-	-	32,000	-	32,000
(22,486)	118	(10,614)	(4,587)	10,981	8,879
<u>69,689</u>	<u>4,218</u>	<u>59,656</u>	<u>6,062</u>	<u>9,334</u>	<u>860,005</u>
\$ <u>47,203</u>	\$ <u>4,336</u>	\$ <u>49,042</u>	\$ <u>1,475</u>	\$ <u>20,315</u>	\$ <u>868,884</u>

CHARTER TOWNSHIP OF OXFORD  
Nonmajor Debt Service Funds  
Combining Balance Sheet  
December 31, 2005

	<u>Library Debt</u>	<u>Fire Debt</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ <u>40,833</u>	\$ <u>76,445</u>	\$ <u>117,278</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Deferred Revenue	\$ 33,828	\$ 73,675	\$ 107,503
Fund Balance:			
Reserved for Debt Service	<u>7,005</u>	<u>2,770</u>	<u>9,775</u>
Total Liabilities and Fund Balance	\$ <u>40,833</u>	\$ <u>76,445</u>	\$ <u>117,278</u>

CHARTER TOWNSHIP OF OXFORD  
Nonmajor Debt Service Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
For the Year Ended December 31, 2005

	Library Debt	Fire Debt	Total
Revenues:			
Property Taxes	\$ 324,259	\$ 729,999	\$ 1,054,258
Interest	2,509	4,849	7,358
Other	931	18	949
Total Revenues	<u>327,699</u>	<u>734,866</u>	<u>1,062,565</u>
Expenditures:			
Principal	170,000	440,000	610,000
Interest and Fees	158,605	296,293	454,898
Other	3,239	7,246	10,485
Total Expenditures	<u>331,844</u>	<u>743,539</u>	<u>1,075,383</u>
Excess (Deficiency) of Revenues Over Expenditures	(4,145)	(8,673)	(12,818)
Fund Balance - January 1	<u>11,150</u>	<u>11,443</u>	<u>22,593</u>
Fund Balance - December 31	<u>\$ 7,005</u>	<u>\$ 2,770</u>	<u>\$ 9,775</u>

# POST, SMYTHE, LUTZ AND ZIEL LLP

*Certified Public Accountants*

## PLYMOUTH

Dennis M. Siegner, C.P.A., C.V.A.  
David R. Williamson, C.P.A.  
Jane F. Wang, C.P.A.  
Joseph N. Elder, C.P.A.  
Rana M. Emmons, C.P.A.

**1034 W. ANN ARBOR TRAIL  
PLYMOUTH, MICHIGAN 48170-1502**

**TELEPHONE: (734) 453-8770  
FAX: (734) 453-0312**

## WAYNE

Frank W. Smythe, C.P.A.  
Ronald H. Traskos, C.P.A.  
Kathy Billings, C.P.A., C.V.A.

---

Jennifer A. Galofaro, C.P.A., C.V.A.  
Susan H. Bertram, C.P.A.

---

Sharon Walz Duckworth, C.P.A.  
Cari A. Ford, C.P.A.  
Wendy Leung Lee, C.P.A., C.V.A.  
Therese Mulholland, C.P.A.

May 11, 2006

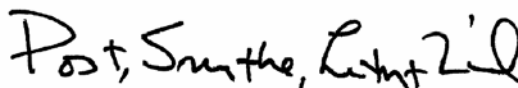
Board of Trustees  
Charter Township of Oxford  
Oakland County, Michigan

In planning and performing our audit of the Charter Township of Oxford for the year ended December 31, 2005, we have considered the Township's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and suggestions in these areas. This letter does not affect our report dated May 11, 2006, on the financial statements of the Charter Township of Oxford.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Township personnel, and we will be pleased to discuss them in further detail at your convenience, and also to perform any additional studies or assist in their implementation.

Respectfully,



POST, SMYTHE, LUTZ and ZIEL LLP  
Certified Public Accountants

#### Property Tax Accounting

The 2004 property tax settlement was accomplished by the Treasurer's office, and no differences were noted in our audit. However, we believe that internal controls could be strengthened with additional segregation of duties, and better use of the general ledger accounting system. Specifically, we noted that general ledger postings of cash receipts and disbursements were not used to serve as a control environment over this activity. We recommend that the general ledger postings be reviewed monthly by the Clerk's office, and bank reconciliations be accomplished by reconciliation to the general ledger cash balance. All disbursements should be mailed by the Clerk's office, and prior to settlement, the Clerk and Treasurer should reconcile the proposed settlements to the general ledger balances.

In addition, the current tax account is used by the Township to deposit collections of delinquent personal property taxes, and the delinquent real property tax payoff from Oakland County. The use of the current tax collection account for these other receipts complicates the settlement process, and is contrary to the State's Uniform Accounting Procedures Manual. We suggest that a separate fund and bank account be used to account for these activities.

#### Library

The Township Library is currently using a combination of QuickBooks software and Excel spreadsheets to accomplish their bookkeeping and to provide monthly reports to the Library Board. We recommend that the Library look into utilizing QuickBooks software to its full potential to maintain a complete set of records and ultimately to be able to prepare financial reports directly from QuickBooks.

Also, the Library prepares their own payroll and files their own payroll tax forms. All other departments of the Township are using an external payroll processing service to process their payroll and file the related tax forms. We recommend that the Library investigate the benefits of using an outside payroll service to process their payroll as well as limit their liability on payroll tax issues, which are continually changing and becoming more complex.